

# Whose Job Is It, Anyway? The Role for Governments

Each hour, 15,000 children are born. At this pace, the world’s population is expected to grow from 6.6 billion people to eight billion in 2025, according to the Population Reference Bureau. Approximately 95 percent of this projected population growth will occur in the developing world. Managing the economic dislocation, as well as the tremendous opportunities that come with growth, has been the traditional terrain of governments, which have been counted on to ease the transitions from rural

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to urban lifestyles and from local to global markets. When done well, government action can yield great success stories, stability and sustainable growth. When done poorly, corruption, conflict and a stagnant economy are the outcomes. Many global companies have great interest in engaging the developing nations of the world, especially the so-called BRICs — Brazil, Russia, India and China. The Worldwatch Institute reports that, last year, China alone consumed 26 percent of the world’s crude steel, 37 percent of its cotton and 47 percent of its cement. Many companies see their future success hinging upon how well they perform in response to the forces at play in these emerging markets, many bustling with economic exuberance. Yet when sourcing from or selling into emerging markets, companies find themselves drawn into playing the role of government in a number of social and environmental arenas. “There has clearly been a changing of roles between the private and public sector, but the change can be very different from country to country,” notes Lisa Svensson, Second Secretary with the Swedish Embassy in Washington, DC. The Swedish government’s International Development Cooperation Agency works together with other governments, as well as with NGOs and other organizations, to promote good corporate governance reforms and labor standards around the world. “Public-private partnerships can be effective mechanisms to deliver social services, such as health care and public education,” Svensson says. “They are also a way for the private sector to contribute to social needs. While these partnerships can be difficult to manage, the Swedish government’s motto is this: We can achieve more together than in isolation.” Dan Runde, director of the Global Development Alliance (GDA) in the United States Agency for International Development

(USAID) — the United States government’s overseas development program — points to the shifts in funding and responsibility between public and private sectors shaping the federal government’s approach to solving global demands for decent jobs, clean water and clean energy. “Both publics and privates bring complementary assets to the table, creating a synergy and, ultimately, better outcomes,” he remarks. “We’ve been in many of these countries for 30 to 40 years, so we know who the good actors are, and those who are not. Government can do many things, due to its long reach, but corporations offer buying power, supply chains, cutting-edge technology and their brands, and all of that represents a different kind of convening power.” GDA is a testament to the magnitude of partnership efforts. Since its establishment in 2000 it has leveraged more than US\$1.4 billion of its own funds with more than US\$4.6 billion of partner funds through nearly 400 alliances with a number of diverse stakeholders that include communities, companies, local governments and NGOs.

Consider these examples:

- Starbucks worked with GDA to create the Rwanda Coffee Partnership, which is improving the lives of 40,000 farmers. Slightly more than a decade ago, this poverty-stricken country was torn apart by ethnic strife. The public-private partnership invested in new processing equipment and taught Rwandan farmers how to produce a premium “Rwandan Blue Bourbon” coffee that was sold in about half of the firm’s 11,000 stores, until supplies ran out. Starbucks has vowed to continue the program next year.
- Cisco worked with GDA in a four-year collaboration that ended in July, called “Entra 21.” Designed to boost employment rates in Latin America and the Caribbean, Entra 21 created vocational technology training programs on IT skills throughout the developing world, using Cisco’s existing global curriculum. More than 40 nonprofits were involved.
- The government of Mali, a country at the southern edge of the Sahara, is teaming up with GDA, Office du Niger, Schaffer and Associates International, LLC, and the ILLOVO Group to create the Markala Sugar Project Alliance. The goal of this three- year alliance is to boost sugar production capacity by five times to create the second-largest sugar factory in all of Africa. At present, only six percent of Mali’s one million hectares of arable land is cultivated, leaving room to grow and process sugar cane.



Representatives of developing nations also recognize that public-private collaborations are key to their own long-term economic health. The Markala Sugar Project Alliance “could not have succeeded by relying on government efforts alone,” notes Mody Ndiaye, vice minister of industry and commerce for Mali. According to Ndiaye, “We needed the

experience and expertise of private investors such as Schaffer Group from the United States and the ILLOVO Group of South Africa to create a world-class industry that can compete with low-cost producer countries. Each alliance partner has brought something to make the alliance stronger and to reduce the risk of the project.” □



## NGO Perspectives: The Power and Peril of Partnerships

Transparency, influence, control and conflicts of interest: a host of ethical issues are raised by the changing relationship between corporations and NGOs that collaborate. These issues and others have the potential to compromise the goals of both NGOs and companies, but when navigated well they can add support and legitimacy to a collaboration. As in the private sector, the world of NGOs is flush with diversity. With this diversity comes a wide range of views about the wisdom of pairing with corporate interests. Organizations often maintain independence by refusing corporate and government money. Greenpeace, for example, has had such a policy for over 30 years. But Danny Kennedy, executive director of Greenpeace Australia, is quick to note: “That doesn’t mean we can’t work with companies and stand shoulder-to-shoulder with people doing the right thing.” While Greenpeace is often associated with direct actions on the high seas, exposing and calling attention to what it sees as corporate misdeeds, a shift has occurred within the organization over the past decade. “Corporate power is real and substantial,” Kennedy

points out. “In some ways, due to the demise of the state in many parts of the globe, corporations actually do rule the world. Sometimes we at Greenpeace try to get power over the corporation. At other times, we build power with the corporation.” Other organizations, such as Amnesty International, do not engage in public-private partnerships in an effort to preserve their space and freedom to criticize. “Our view,” states Chris Marsden, chair of Amnesty’s Business Group, “is that our independence — our brand, so to speak — is worth too much. If you are an NGO and are in a partnership with a private corporation, people tend to focus on the bad story, rather than the good story.” The charge of his wing of Amnesty, comprised of about 20 business and human rights experts, is to promote greater awareness of human rights issues within corporations. “There are NGOs that are anticapitalist, antiglobalization, Seattle brigadetypes,” Marsden explains. “Then there are the NGOs who will say good things to get money from companies. And then there is the middle, where the real action is. This is the space where we have to deal with the bad things done

by companies, and it is here that some NGOs see that they can become part of the solution.” It is in this middle space where Amnesty works. Even among NGOs that prefer to avoid entering into direct collaboration with corporations, there is recognition of the critical role corporations are playing in areas where there are shared concerns. NGOs are more open to working with private corporations “in places where governance is weak, or in those developing markets where governments don’t give a damn. Many companies are creating de facto governance systems and are working in this uncomfortable middle ground until governments get their acts together,” acknowledges Marsden. The debate among civil society organizations and companies about the strengths and perils of collaboration will continue. Right now, the two need one another’s unique skills and offerings, including expertise, resources, legitimacy and on-the-ground presence. Crafting collaborations thoughtfully and with clear ground rules will make them an even more powerful force that together can address key local and global issues in the years ahead. □